G3 FINANCE PLC

The following is a Company Announcement issued by G3 FINANCE P.L.C., a company registered under the laws of Malta with company registration number C 94829 (hereinafter the "Company"), pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority in accordance with the provisions of the Financial Markets Act (Chapter 345 of the laws of Malta), as amended from time to time.

Quote

Publication of Financial Analysis Summary

The Company hereby announces that the updated Financial Analysis Summary dated 18th June 2024 is available for viewing below as an attachment to this announcement and at the Company's registered office, and is also available for download from the following link on the G3 Group's website: https://www.g3.com.mt/investors/financial-statements/.

Unquote

By order of the Board

Dr Luca Vella
Company Secretary

18th June 2024

Company Announcement: G327

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

Rizzo, Farrugia & Co (Stockbrokers) Ltd
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The Board of Directors
G3 Finance p.l.c.
'The Pergola',
Adenau Street,
Mellieħa MLH 2014,

18 June 2024

Dear Sirs,

G3 Finance p.l.c. – Financial Analysis Summary (the "**Update FAS**")

In accordance with your instructions and in line with the requirements of the Malta Financial Services Authority Listing Policies, we have compiled the Update FAS set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the Analysis is that of summarising key information pertaining to G3 Finance p.l.c. (the "**Company**" or "**Issuer**") and G3 Holdings Limited (the "**Guarantor**"). The data is derived from various sources or is based on our own computations and analysis of the following:

(a) historic financial data for the three years ended 31 December 2021 to 2023 has been extracted from the Issuer's and Guarantor's audited statutory financial statements;
(b) the forecast data for the financial year ending 31 December 2024 has been provided by management and approved by the Directors of the Company and Guarantor;
(c) our commentary on the results of the Issuer and Guarantor and on the respective financial position is based on the explanations provided by management;
(d) the ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Update FAS; and
(e) relevant financial data in respect of the comparative set as analysed in Part D has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Malta Business Registry or other published documents such as Financial Analysis Summaries.

The Update FAS is meant to assist potential investors by summarising the more important financial data of the Issuer and Guarantor. The Update FAS does not contain all data that is relevant to potential investors and is intended to complement, and not replace, financial and/or investment advice. The Update FAS does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Update FAS and no representation or warranty is provided in respect of the reliability of the information contained in this report. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Christopher Mallia
Corporate Advisory Executive

FINANCIAL ANALYSIS SUMMARY

2024 UPDATE

G3 FINANCE PLC

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013, as revised on 13 August 2021.

18 June 2024

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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IMPORTANT INFORMATION

Purpose of the Document

G3 Finance p.l.c. (the "**Company**", "**G3 Finance**" or the "**Issuer**") issued €12.5 million 4.5% Secured and Guaranteed Bonds 2032 pursuant to a prospectus dated 21 March 2022 (the "**Bond Issue**"). This Update FAS has been prepared in line with the requirements of the Listing Policies as last updated by the MFSA on 13 August 2021. The purpose of this report is to provide a summary on the financial performance and position of the Company and G3 Holdings Limited, as guarantor to the Bond Issue (the "**Guarantor**").

Sources of Information

The information that is presented has been collated from a number of sources, including the audited financial statements for the years ended 31 December 2021, 2022, and 2023, forecasts for the financial year ending 31 December 2024 for both the Company and the Guarantor.

Forecasts that are included in this document have been prepared by management and approved for publication by the directors of the Company and Guarantor, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1 January to 31 December. The financial information is being presented in thousands of euro, unless otherwise stated, and has been rounded to the nearest thousand.

Previous FAS Issued

The Company has published the following FAS which is available on its website:

21 March 2022 (FAS appended to the Prospectus)

27 June 2023

PART A BUSINESS AND MARKET OVERVIEW

1. INTRODUCTION

G3 Finance p.l.c. (the **"Company"**, "**G3 Finance**" or the "**Issuer**") is a public limited liability company incorporated in Malta on 11 February 2020, bearing company registration number C 94829, to act as the financing vehicle of G3 Holdings Limited (the "**Guarantor**"), bearing company registration number C 94828 and its subsidiary, namely the Issuer's sister company, G3 Hospitality Limited (C 26935), collectively hereinafter, the "**G3 Group**" or the "**Group**".

The Guarantor was set up as the holding company of the G3 Group on 11 February 2020 and is ultimately owned by Mr John Grima as well as other members of his immediate family.

BUSINESS ACTIVITIES OF THE G3 GROUP

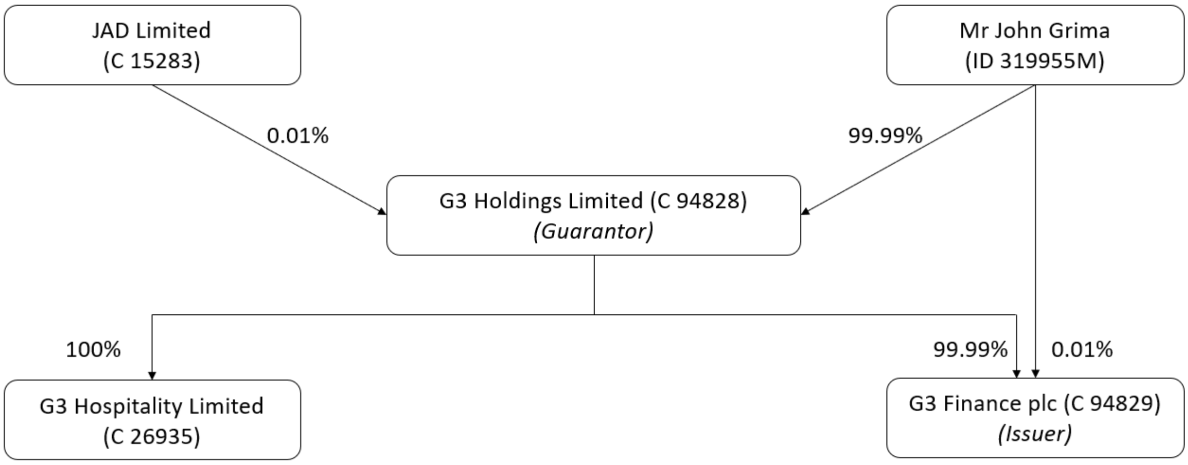
The G3 Group operates exclusively in the hospitality industry. It owns and operates two 4-star hotels in Mellieħa – the Solana Hotel & Spa (the "**Solana**") and the Pergola Hotel & Spa (the "**Pergola**") as well as ancillary facilities such as bars, restaurants and wellness centres in the North of Malta.

The Pergola hotel currently comprises of 105 rooms, including a number of self-catering apartments whilst the Solana hotel has a total room stock of 241 rooms following an extension carried out during 2023 – 2024 (prior to extension – 187 rooms). rooms.

During FY2023, the Group undertook the operations of the Palm Beach Lido in Armier, Malta (as from June 2023) and DOMS Boutique Living and DOMS Brasserie (as from October 2023).

2. Group Structure

The structure of the G3 Group is depicted in the below chart.



G3 Finance p.l.c.

The Issuer acts as a financing vehicle, raising finance for the use and benefit of the other G3 Group companies. During 2022, the Company issued a €12.5 million 4.5% secured and guaranteed bond with a 10-year term (the "**Bond Issue**").

G3 Holdings Limited

The Guarantor was incorporated on 11 February 2020 as the parent holding company of the G3 Group as well as acting as Guarantor for the Bond Issue. The Guarantor principally acts as the parent holding company of the Group.

G3 Hospitality Limited ('G3 Hospitality')

G3 Hospitality is a wholly owned subsidiary of the Guarantor and was formerly known as Sunsites Limited. In 2022, the G3 Group underwent a corporate restructuring, which involved merging G3 Properties Ltd (C 9518) into G3 Hospitality Ltd. As a result, G3 Hospitality owns the Solana and Pergola hotel properties. Furthermore, G3 Hospitality is also the principal operating company of the G3 Group and is responsible for the operations of both the Solana and the Pergola hotels. As from June 2023, G3 Hospitality also obtained the exclusive right to manage, operate and use the Palm Beach Resort lido for the duration of the promise of sale agreement entered into between G3 Holdings Limited and Eight Eleven Limited. Furthermore, G3 Hospitality was appointed the manager and operator of the DOMS situated in the main square of Mellieħa. This comprises an 8-room Boutique Hotel and a brasserie in the Parish Square of Mellieħa.

JAD Limited ('JAD')

JAD is ultimately owned by the Grima family, i.e. Mr John Grima, his spouse and their children, Jonathan, Daniel and Alexander Grima (who are also directors of the Issuer – see section 3 below). JAD serves as the holding company for various investments held by the Grima family.

3. Corporate Governance and Management

Board of Directors of the Issuer

The Issuer's board of directors as at the date of this document comprises the following:

John Grima	Executive Director and Chairman
Daniel Grima	Executive Director
Jonathan Grima	Executive Director
Alexander Grima	Non-executive Director
Albert Grech	Non-executive Director
Juanita Bencini	Independent and non-executive Director
Michael Lewis Macelli	Independent and non-executive Director

The Company Secretary of the Issuer is Dr Luca Vella.

Board of Directors of the Guarantor

The Guarantor's board of directors as at the date of this document comprises the following:

John Grima	Executive Director and Chairman
Daniel Grima	Executive Director
Jonathan Grima	Executive Director
Alexander Grima	Non-executive Director

Group Senior Management

The following are the respective key members of the Group's senior management team:

Ann Abela	Group Financial Controller
Malcolm Grima	Sales and Marketing Manager
Pierre Agius	Rooms Division Manager
Jean Paul Cauchi	Head Chef
Egon Johannes M. Basharat	Front Office Manager
Maria-Alessia Abela Micallef	Human Resources Manager *(appointed with effect from 17 October 2023)*

4. MAJOR ASSETS

The Group's major assets comprise its two hotels.

SOLANA HOTEL & SPA

The Solana Hotel & Spa is located in Mellieħa's main thoroughfare leading to Għadira Bay comprising 183 hotel rooms, spanning over a total footprint of 1,747 sqm. As part of its facilities, the Solana has its own spa and wellness centre (*Nataraya Day Spa*), outdoor pool and a sundeck on the hotel's terrace, heated indoor pool and fitness centre. Additionally, the hotel has four food and beverage ("**F&B**") outlets including, *The Prickly Pear, Tosca Restaurant* and *Bellini Restaurant*. Furthermore, during the summer months, Solana's rooftop bar, *TopDeck*, is also opened to serve poolside guests.

The Solana Hotel & Spa was revalued by an independent architect in February 2022 for a value of €18.25 million.

Another architect valuation is expected to be undertaken later on this year to reflect the current market values and to include the recent extension and refurbishment.

PERGOLA HOTEL & SPA

The Pergola Hotel & Spa is a corner site having a total land area of 3,197 sqm, located in Mellieħa and in close proximity to the Solana. The hotel consists of 105 guest rooms / apartments and is equipped with its own spa and wellness centre (*Nataraya Day Spa*), two outdoor pools, as well as a heated indoor pool and fitness centre. The hotel has four F&B outlets comprising: *Cave Bar* (also serving as the hotel's pool bar), *Da Ciccio Cucina*, *Bonaventura Restaurant* and *Haus of P*.

The Pergola Hotel & Spa was revalued by an independent architect in February 2022 for a value of €13.7 million.

5. Recent and Upcoming Developments

Extension to the Solana Hotel & Spa

On 12 May 2022, the Group, through G3 Hospitality Limited, acquired a site (*circa* 550sqm) in close proximity to the Solana for a total consideration of €2 million. This site was developed as a further extension of the Solana. In fact, the Solana Hotel was closed between November 2023 and March 2024 as the development works related to the extension were underway. The extension was completed in March 2024 with the hotel reopening thereafter although full capacity was only reached in June 2024 as the additional 55-rooms were launched gradually. Moreover, the project also comprised a further pool which is connected to the present pool deck, an extension to the *Bellini Restaurant* and crucially, an extension to the hotel's parking which is now be able to take a further 35 vehicles. The expansion should also allow the Group to achieve further economies of scale in its operations.

Acquisition of site adjacent to the Pergola Hotel & Spa

On 3 May 2022, G3 Hospitality Limited acquired a site (*circa* 262 sqm) adjacent to the Pergola Hotel & Spa. The total consideration for the site was €1.5 million. The ultimate aim is to eventually develop the site as an extension to the Pergola Hotel.

Square Gastro Bar

During 2021, the G3 Group entered into an agreement to rent a bar in the centre of Mellieħa (within proximity of the two hotels) known as the Square Gastro Bar, along with ancillary properties forming part of the same block where the bar is situated. The agreement also allows the Group the option to acquire the bar by the end of 2024. In this respect, the Group is aiming to conclude the final deed of sale in December 2024 for a consideration of €1.45 million less the rental payments already made to date of final deed. This transaction will be partly financed through a bank loan.

Palm Beach Resort Lido

During 2023, the G3 Group entered into a conditional agreement to acquire the Palm Beach Resort Lido, formerly known as Armier Lido located at Armier Bay in Mellieħa. This agreement secured the right to purchase the said property and all movables currently situated therein, including applicable permits and licences attaching to the property, as well as the exclusive right for G3 Hospitality Limited to manage, operate and use the Palm Beach Resort lido with immediate effect and throughout the term of the preliminary agreement in subject. In 2023, the G3 Group started operating the lido as from June until early October whilst during the current financial year, the lido opened its doors from April 2024 and is expected to remain open till the end of the year.

The total consideration for this acquisition is expected to be in the region of €2 million, with the Group expected to partly finance such project through a bank loan. The Group is assuming that the final deed of sale will be concluded in December 2024.

DOMS Boutique Hotel & Brasserie

In October 2023, the G3 Group also entered into a 15-year agreement to manage and operate a property comprising an 8-room boutique hotel known as DOMS and a brasserie, in the Parish Square of Mellieħa. The commencement of operations was delayed to October 2023 (as opposed to the initial scheduled opening in mid-July 2023) due to certain changes in the structural plans, including the addition of a swimming pool, of the project which required planning approval. The capital expenditure required for this property was partly-financed through a bank loan which was fully utilised in 2023.

Furthermore, in February 2024, the Company announced that G3 Hospitality Limited acquired 20% stake of the property, free and unencumbered, for a consideration of €250,000 to be entirely financed from internal cash resources. The Group settled half of the consideration in February 2024 with the balance to be paid in December 2024.

St. Julian's Property Lease

Earlier in April 2024, the Group announced that it has entered into an agreement with a third party which will allow G3 Hospitality Limited to take on the finishing of a premises situated in St Julian's from which it intends to manage and operate an 88-rooom hotel, which includes spa amenities, fitness and health facilities as well as F&B establishments. The projections do not include any impact from the said lease as the transaction is still subject to bank financing.

6. The Tourism Industry

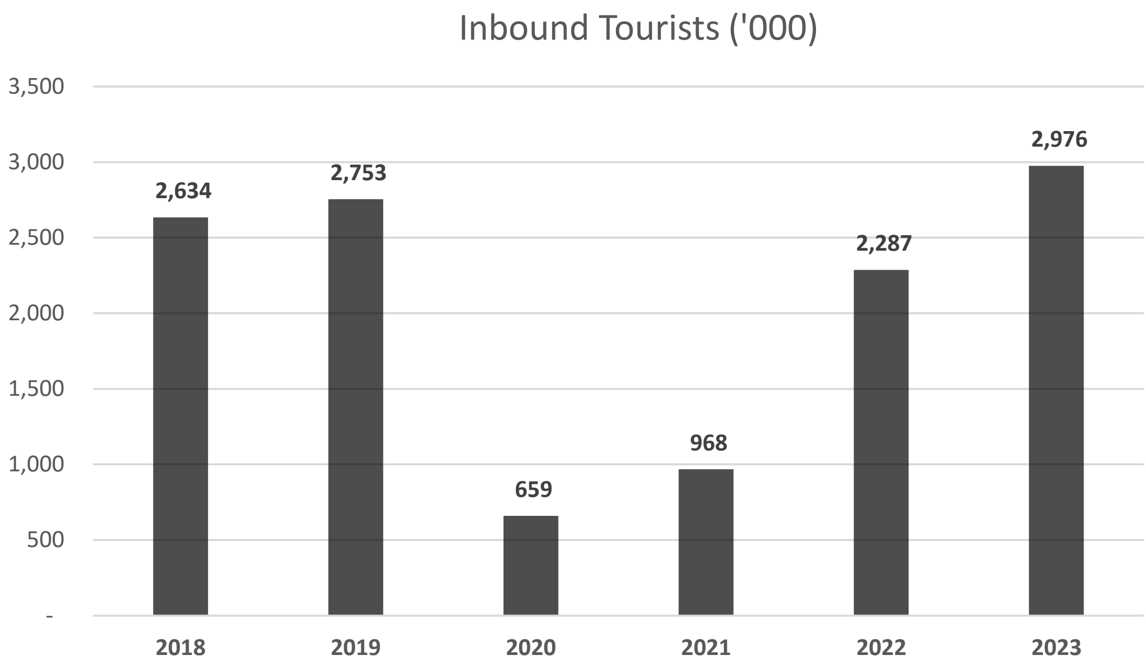
Tourism is one of the major pillars of the Maltese economy and its importance in recent years has increased as tourism numbers significantly grew year after year, until the outbreak of the COVID-19 pandemic. The pandemic had a marked negative impact on the tourism sector, which also directly impacted the Maltese economy due to its material direct and indirect contributions to the country's gross domestic product.

The number of inbound tourists started to recover in 2021 and continued to gain momentum thereafter to reach fresh record highs in 2023 of almost three million inbound tourists[1]. Such trend extended into the first few months of 2024[2], where during the first quarter, 581,839 tourists are estimated to have

[1] National Statistics Office, 2024, Inbound Tourism – December 2023, https://nso.gov.mt/inbound-tourism-december-2023/ [Accessed 27 May 2024]

[2] National Statistics Office, 2024, Inbound Tourism: March 2024, https://nso.gov.mt/inbound-tourism-march-2024/ [Accessed 27 May 2024]

travelled to Malta, representing a 31.3% increase over the 443,062 inbound tourists recorded for the first quarter of 2023.



Source: National Statistics Office, Malta

The statistics for April 2024 illustrate a further improvement in the total number of inbound tourists at 306,279 tourists, demonstrating an overall increase of *circa* 39,481 inbound tourists (equivalent to an increase of 14.8%) versus the corresponding month of 2023.

Looking ahead, the outlook for the rest of the year for the local tourism industry remains positive. In fact, there is a strong expectation that the accommodation and leisure industry will continue to grow also in 2024.

Part B Financial Analysis

Financial Information Presented in the Analysis

The Issuer was incorporated in February 2020 and converted to a public limited liability company on 11 March 2022. Prior to the Bond Issue, the Issuer did not engage in any trading activity and as such does not have any historical financial track record of its own.

To note, the historic financial information also includes the financial performance of G3 Properties Ltd, which as explained in section 2 of this analysis, was merged into G3 Hospitality Ltd during 2022.

The financial information that is presented in this section, as such, includes the following:

- G3 Group consolidated financial statements for the financial years ending 31 December 2021 (as restated*), 2022 and 2023;
- historical financial information for the Issuer for the financial years ending 31 December 2022 and 2023;
- projected financial information for the Issuer for the financial year ending 31 December 2024; and
- projected financial information for the Guarantor for the financial year ending 31 December 2024.

**The Guarantor, prior to the bond issue, applied the General Accounting Principles for Smaller Entities (GAPSME) accounting framework in its financial statements. These were replaced with International Financial Reporting Standards with effect from the financial year ended 31 December 2022. Therefore, the figures for the financial year ended 31 December 2021 were restated in accordance to IFRS for comparability reasons.*

7 GUARANTOR CONSOLIDATED HISTORIC AND PROJECTED FINANCIAL INFORMATION

7.1. THE INCOME STATEMENT

for the year ended 31 December	2021 (A)*	2022 (A)	2023 (A)	2024 (F)
	€ '000	*€ '000*	*€ '000*	*€ '000*
Revenue	**6,868**	**10,783**	**12,257**	**14,011**
Direct operational costs	(3,526)	(5,616)	(6,872)	(8,139)
Gross profit	**3,342**	**5,167**	**5,385**	**5,872**
Selling, general and administrative expenses	(938)	(1,622)	(1,895)	(2,476)
EBITDA	**2,404**	**3,545**	**3,490**	**3,395**
Financial income / (expenses)	(328)	(591)	(734)	(851)
Other income / (expenses)	179	(43)	99	80
Depreciation	(1,078)	(1,108)	(1,263)	(1,395)
Profit before Taxation	**1,177**	**1,803**	**1,592**	**1,230**
Taxation	(304)	(186)	(115)	(231)
Profit after tax	**873**	**1,617**	**1,478**	**1,000**

Source: Combined and Consolidated Historic Financial Information and Management Information

**Note: 2021 figures were restated following the adoption of International Financial Reporting Standards (IFRS) replacing the General Accounting Principles for Smaller Entities (GAPSME).*

G3 Group Revenue Analysis

The Group's main revenue contributors are:

- the Solana Hotel & Spa (the "**Solana**");
- the Pergola Hotel & Spa (the "**Pergola**"); and
- F&B outlets.

Revenue Analysis	2021 (A)	2022 (A)	2023 (A)	2024 (F)
	€ '000	*€ '000*	*€ '000*	*€ '000*
Accommodation Income	4,006	6,515	7,680	7,913
F&B Income	2,560	3,688	3,879	5,473
Other Income	301	580	699	626
Total Revenue	**6,867**	**10,783**	**12,257**	**14,011**

Solana Hotel & Spa

The below table depicts key figures related to the historical performance of the Solana during the three-year period ending 31 December 2023. This table also includes financial projections for the year ending 31 December 2024.

	SOLANA			
	2021 (A)	2022 (A)	2023 (A)	2024 (F)
Accommodation Revenue *(€ '000)*	1,951	4,286	4,722	4,935
Accommodation Contribution *(€ '000)*	1,371	2,905	3,354	3,334
Average Occupancy	70.20%	94.81%	88.00%	86.49%
RevPAR *(€)*	29.21	64.25	77.23	88.15
Accommodation Contribution Margin	61.70%	67.77%	71.04%	67.56%

Source: Management Information

In FY2023, the Solana continued to build upon the much-improved financial performance registered during FY2022, with overall revenue increasing by a further 10.2% to €4.7 million from €4.3 million in the prior year. This result was achieved notwithstanding the fact that the hotel was closed for the last two months of the year as work related to the expansion was underway. In fact, whilst occupancy slipped lower to 88.0% in FY2023 from 94.8% in FY2022, the hotel property commanded better room rates as reflected in the improved revenue per available room (RevPAR) of €77.23 compared to €64.25 in the prior year. Combined with the achievement of some cost efficiencies, the total accommodation contribution of the Solana hotel increased by 15.5% to €3.4 million and was also reflected in the improved contribution margin of 71.0% (FY2022: 67.8%).

As explained in section 5, the hotel reopened its doors in late March 2024 after the completion of the works related to the expansion project and only started operating at full capacity (comprising the additional 55 new rooms) as from June 2024. As a result, whilst accommodation revenue and RevPAR are expected to improve further in FY2024 by 4.5% to almost €5 million and 14.1% to €88.15 respectively, occupancy is expected to marginally drop to 86.5% whilst the accommodation contribution is anticipated to remain relatively unchanged at €3.3 million which translates into a weaker contribution margin of 67.6%.

Pergola Hotel & Spa

The below table depicts key figures related to the historical performance of the Pergola during the three-year period ending 31 December 2023. These figures also include financial projections for the year ending 31 December 2024.

	PERGOLA			
	2021(A)	2022(A)	2023 (A)	2024 (F)
Accommodation Revenue *(€ '000)*	1,582	2,181	2,878	2,715
Accommodation Contribution *(€ '000)*	763	1,437	1,898	1,734
Average Occupancy	45.20%	77.00%	96.00%	93.31%
RevPAR *(€)*	27.54	60.52	84.56	85.88
Accommodation Contribution Margin	65.70%	65.88%	65.96%	63.87%

Source: Management Information

The Pergola also experienced an improved financial performance in FY2023, with accommodation revenue reaching €2.8 million (FY2022: €2.2 million) and the respective contribution amounting to €1.9 million (FY2022: €1.4 million). These figures indicate a notable improvement compared to the previous year, as the post-pandemic recovery accelerated as also reflected in the significantly improved average occupancy and RevPAR numbers. Nonetheless, the contribution margin was relatively flat at just below the 66% mark.

Looking ahead, management notes that whilst in FY2023 the Pergola hotel was open between February and December, in FY2024 it will be open between January and early November 2024. The different operative schedule is anticipated to lead to a lower occupancy of 93.3%. This will only be partially offset by the projected increase in RevPAR to €85.88 thus leading to a 5.7% contraction on overall accommodation revenue at the Pergola hotel in FY2024. Furthermore, the accommodation contribution is also expected to marginally weaken by 8.6% to €1.7 million with the contribution margin expected to correspondingly ease to 63.9%.

F&B Outlets

Revenue from F&B operations grew by a further 6.1% to €3.9 million reflecting the increased footfall at the hotels' food and beverage outlets as well as the opening of the Palm Beach Resort LIDO and DOMS Brasserie.

Looking ahead, F&B revenue is expected to increase further during FY2024, mainly due to the introduction of all-inclusive packages at the Solana from this financial year, coupled with the fact that the Palm Beach Resort Lido is expected to be operative for a longer period (9 months in 2024 as opposed to 5 months in 2023) and a full-year of operations will be registered for the DOMS Brasserie in contrast to just three months in FY2023.

G3 Group – Consolidated FY2023 Performance

On a consolidated basis, the Guarantor's total revenue rose to €12.3 million in FY2023 from €10.8 million in FY2022, largely reflecting the performance of the Group's two major hotel properties and its F&B outlets. Nonetheless, gross profit only increased to €5.4 million from €5.2 million in FY2022 reflecting the sharp increase in direct costs to €6.9 million (FY2022: €5.6 million) on the back of an increased wage bill as the Group expanded the number of administrative and operational personnel and the effect of the removal of the wage grants introduced by the government in connection with the COVID-19 pandemic, which were terminated in May 2022. Moreover, the Group experienced inflationary pressures on all costs particularly those related to energy and foodstuff.

Meanwhile, more modest increases were registered in selling, general and administrative expenses as certain personnel who resigned from managerial positions were not immediately replaced, as well as a more prudent approach was adopted in the Group's discretionary spending.

As a result, the growth in revenue was offset by the increases in costs leaving a practically unchanged EBITDA of €3.5 million.

As a result of the Group's investment in fixed assets to support its future growth prospects, the Group's performance was impacted by higher costs related to depreciation and amortisation as well as finance costs. The increase in the Group's depreciation and amortisation charges mainly reflects the higher depreciation charge on plant and equipment in connection with the opening of the Palm Beach resort Lido and the DOMS Boutique Hotel & Brasserie. Finance costs increased as they comprise a full-year interest charge on the bonds as opposed to nine-months (April to December) recognised in FY2022.

Despite the more rapid pace of increase in costs than the added revenue contribution from the business growth, the pre-tax profit of the G3 Group ended up at €1.6 million in FY2023 compared to €1.8 million in FY2022. After accounting for taxation, the Group's net profit in FY2023 amounted to €1.5 million compared to €1.6 million in FY2022.

G3 Group – Consolidated FY2024 Forecasted Performance

Given the expected performance of the Solana and Pergola hotels as well as the Group's F&B outlets (described above), the Group's revenue in FY2024 is expected to improve by 14.3% to just over €14 million (FY2022: €12.3 million).

However, once again costs are anticipated to increase at a faster pace than revenue on the back of continued inflationary pressures including an increase in payroll costs due to the mandatory cost-of-living adjustment (COLA). As a result, gross profit is only anticipated to improve by 9% to €5.9 million with the gross profit margin contracting further to 41.9% (FY2023: 43.9%).

Likewise, the Group is expecting further cost pressures across its selling, general and administrative expenses which are projected to increase by 30.7% to €2.5 million. The increase also reflects additional fixed costs in connection with the enlarged Solana hotel.

Therefore, notwithstanding the expected increase in revenue, EBITDA is expected to marginally decline to €3.4 million in FY2024 compared to €3.5 million in FY2023.

Depreciation and amortisation are also expected to increase by 10.5% to €1.4 million following the completion of the Solana extension as well as a full-year's depreciation charge related to the fixed assets at the Palm Beach Resort Lido and the DOMS Boutique Hotel & Brasserie.

Similarly, finance costs are expected to increase to €0.9 million in FY2024 compared to €0.7 million in FY2023 on the back of the impact of increased rates on the Group's floating rate bank loans for a full year as well as the interest cost to be borne on the additional bank borrowings to be drawn down to finance the acquisition of the Square Gastro Pub and the Palm Beach Resort Lido.

Overall, the Group is expected to register a pre-tax profit of €1.2 million in FY2024 compared to €1.6 million in FY2023. After accounting for a tax charge of €0.2 million, the net profit for FY2024 is expected to amount to €1 million compared to €1.5 million in FY2023.

7.2. Variance Analysis

G3 Group - Income Statement for the year ended 31 December	2023 (F)	2023 (A)	Variance
Revenue	**12,270**	**12,257**	**-0.1%**
Direct operational costs	(6,964)	(6,872)	-1.3%
Gross profit	**5,306**	**5,385**	**1.5%**
Selling, general and administrative expenses	(2,106)	(1,895)	-10.0%
EBITDA	**3,199**	**3,490**	**9.1%**
Financial income / (expenses)	(750)	(734)	-2.1%
Other income / (expenses)	22	99	356.1%
Depreciation	(1,230)	(1,263)	2.7%
Profit before Taxation	**1,242**	**1,592**	**28.2%**
Taxation	(435)	(115)	-73.6%
Net Profit after tax	**807**	**1,478**	**83.1%**

Actual revenue for FY2023 was in line with that forecasted for the year. Notwithstanding this, it is noteworthy to highlight that the Group managed to obtain a higher average room rate than anticipated whilst still sustaining a high occupancy rate. On the other hand, this was counterbalanced by the weaker than expected performance at the Palm Beach Resort Lido and the DOMS Brasserie.

Direct operational costs were marginally lower than forecast whilst selling, general and administrative expenses came in 10% less than anticipated in view of the fact that certain managerial positions which were vacated during the year were not immediately backfilled. In view of this, the Group recorded a positive variance in EBITDA of €0.3 million or 9.1%.

This variance filtered through the profit before tax as the variances below the EBITDA line were immaterial either in absolute or relative terms.

Taxation amounted to significantly less than expected in view of the reversal of an over provision for tax which was originally accounted for in FY2022 as well as a deferred tax credit of €0.3 million. Both could not be anticipated when the forecasts were drawn up.

As a result, the Group reported an actual net profit figure which was substantially higher than that forecasted in the FAS dated 27 June 2023.

7.3. Statement of Financial Position

Statement of Financial Position as at 31 December	2021 (A)*	2022 (A)	2023 (A)	2024 (F)
Non-current Assets				
Property, Plant & Equipment	31,828	36,698	39,953	47,161
Investment in Associate	-	-	-	-
Right of Use Assets	248	213	985	917
Trade & Other Receivables	207	1,186	907	708
Total Non-Current Assets	**32,283**	**38,097**	**41,845**	**48,786**
Current Assets				
Inventories	154	155	156	226
Trade & Other Receivables	1,898	850	1,485	2,272
Cash at Bank & in Hand	265	3,008	1,401	202
Total Current Assets	**2,317**	**4,013**	**3,042**	**2,700**
Total Assets	**34,600**	**42,110**	**44,887**	**51,486**
Equity				
Share Capital	1	799	799	799
Revaluation & Fair Value Reserves	12,074	12,074	12,074	12,074
Retained Earnings	5,621	7,238	8,715	9,715
Total Equity	**17,696**	**20,111**	**21,588**	**22,588**
Non-Current Liabilities				
Bank Borrowings	6,074	1,151	829	3,098
Lease liabilities	35	-	1,038	1,014
Bond Issue	-	12,225	12,254	12,284
Trade & Other Payables	843	1,786	1,426	1,130
Deferred ERDF Grant	90	64	54	45
Deferred Taxation	3,552	3,544	3,286	3,086
Total Non-Current Liabilities	**10,594**	**18,770**	**18,887**	**20,657**
Current Liabilities				
Bank Overdraft	1,036	435	433	695
Lease liabilities	74	29	34	36
Trade & Other Payables	4,749	2,548	3,440	6,739
Deferred ERDF Grant	26	26	10	10
Current Taxation	425	191	495	761
Total Current Liabilities	**6,310**	**3,229**	**4,412**	**8,241**
Total Equity & Liabilities	**34,600**	**42,110**	**44,887**	**51,486**

Source: Combined & Consolidated Historic Financial Information and Management Information

**Note: 2021 figures were restated following the adoption of International Financial Reporting Standards (IFRS) replacing the General Accounting Principles for Smaller Entities (GAPSME).*

The Guarantor's asset base has historically been mainly composed of property, plant and equipment (PPE) which accounts for approximately 90% of total assets. Likewise, PPE is expected to remain the largest component of total assets during 2024 and to grow even further, following the completion of the Solana extension as well as the anticipated acquisition of the Square Gastro Pub and the Palm Beach Resort Lido. A breakdown of the Group's major assets is presented in section 4 of this FAS.

In terms of liabilities, the major components have historically been borrowings, trade & other payables and deferred taxation, which in FY2023 accounted for over 90% of total liabilities. Looking ahead, these line items are expected to remain the main components in FY2024. In this respect, it is noteworthy to highlight that borrowings are expected to increase by 18.9% to just over €16.1 million reflecting the additional bank borrowings to be availed of in order to finance the acquisitions of Square Gastro Pub and the Palm Beach Resort Lido.

The Group's equity base consisted primarily of revaluation and fair value reserves accumulated over the years on the two hotel properties, retained earnings and share capital. Following the profitable financial performance recorded by the G3 Group during FY2023, retained earnings increased to €8.7 million during the year, leading to an increase in total equity. Similarly, retained earnings are expected to increase further in FY2024 to €9.7 million reflecting the net profit forecast for the current financial year, and in turn also result in another increase in equity to €22.6 million.

7.4. STATEMENT OF CASH FLOWS

Cash Flows Statement for the year ended 31 December	2021 (A)*	2022 (A)	2023 (A)	2024 (F)
Cash flows from operating activities	380	2,071	2,938	2,642
Cash flows used in investing activities	(494)	(5,949)	(5,263)	(6,680)
Free Cash Flow	**(114)**	**(3,878)**	**(2,325)**	**(4,038)**
Cash flows from financing activities	309	6,621	718	2,839
	195	**2,743**	**(1,607)**	**(1,199)**
Opening cash & cash equivalents	70	265	3,008	1,401
Closing cash & cash equivalents	**(265)**	**3,008**	**1,401**	**202**

Source: Combined Historic Financial Information and Management Information

**Note: 2021 figures were restated following the adoption of International Financial Reporting Standards (IFRS) replacing the General Accounting Principles for Smaller Entities (GAPSME).*

Cash flows generated from operating activities during FY2023 grew to almost €3 million (FY2022: €2.1 million), with such improvement being specifically attributed to favourable working capital movements. Operating cash flows are expected to drop to €2.6 million during FY2024 mainly on account of the closure of the Solana hotel during the first three months of the year and the seasonal closure of the Pergola hotel during the shoulder months of November and December 2024 (in FY2023, the Pergola remined opened till the end of the year given that the Solana was not in operation).

The Group's statement of cash flow during FY2023 has also been characterised by the ongoing construction works at the Solana as well as other investments being undertaken by the Group particularly the Palm Beach Resort Lido and DOMS Boutique Living and Brasserie, resulting in a net cash outflow in respect of investing activities of *circa* €5.3 million. In FY2024, the Group's investment plans will require a further cash outflow of €6.7 million in connection with the Solana extension as well as the acquisition of the Palm Beach Resort Lido and the Square Gastro Bar.

Meanwhile, cash flows from financing activities during the year under review amounted to €0.7 million, principally reflecting the repayment of some of the Group's existing bank loans and an increase in finance lease related to the Palm Beach Resort Lido and DOMS Boutique Living and Brasserie. In FY2024, cash flows from financing activities are expected to amount to €2.9 million largely reflecting the aforementioned bank loans to be drawn down during the year to part finance the acquisition of the Square Gastro Pub and the Palm Beach Resort Lido.

8 THE ISSUER

Prior to the Bond Issue, the Issuer did not engage in any trading activity and as such does not have any historical financial track record. As a result, this section covers the historic financial information for the financial years ending 31 December 2022 and 31 December 2023 as well as the projected financial information for the Issuer for the financial year ending 31 December 2024 reflecting management's expectations.

Income Statement

Income Statement *for the year ended 31 December*	*2022 (A)*	*2023 (A)*	*2024 (F)*
Interest on loans to fellow subsidiaries	582	702	702
Total Income	**582**	**702**	**702**
Finance Expenses	(413)	(563)	(563)
Directors' Fees	(41)	(43)	(43)
Listing and Related Fees	(28)	(38)	(38)
Other Costs	(11)	(35)	(36)
Profit Before Tax	**89**	**23**	**22**
Taxation	-	(11)	(8)
Profit After Tax	**89**	**12**	**14**

Source: Historic Financial Information and Management Information

Income streams primarily consist of interest income generated in connection with the advancement of the net proceeds of the Bond Issue to G3 Hospitality Limited. The Bond Issue proceeds, forwarded to G3 Hospitality Limited, are subject to a margin over the coupon of the Bond Issue. The margin is intended to cover the Issuer's expenses, which include directors' fees, amortisation of bond listing fees and other administrative expenses.

It is noteworthy to highlight that while income and expenses for FY2022 reflect approximately a nine-month period (April to December 2022), the figures for FY2023 and the current financial year reflect a full twelve-month period. Net profit in FY2023 amounted to €12,000 and is expected to be around the same level in FY2024.

Statement of Financial Position

Statement of Financial Position as at 31 December	*2022 (A)*	*2023 (A)*	*2024 (F)*
Non-current Assets			
Loans & Receivables	12,124	12,124	12,124
Receivables from Related Parties	-	-	-
Total Non-Current Assets	**12,124**	**12,124**	**12,124**
Current Assets			
Receivables from Related Parties	836	975	1,114
Cash at Bank & in Hand	2	37	36
Total Current Assets	**838**	**1,012**	**1,150**
Total Assets	**12,962**	**13,136**	**13,274**
Equity			
Share Capital	252	252	252
Retained Earnings	(4)	8	22
Total Equity	**248**	**260**	**274**
Non-Current Liabilities			
Amortised Bond Issue	12,225	12,254	12,283
Total Non-Current Liabilities	**12,225**	**12,254**	**12,283**
Current Liabilities			
Trade and other payables (including bond interest accrued)	489	614	710
Current Tax	-	8	7
Total Current Liabilities	**489**	**622**	**717**
Total Equity & Liabilities	**12,962**	**13,136**	**13,274**

Source: Historic Financial Information and Management Information

The structure of the Statement of Financial Position of the Issuer is reflective of its objectives as a financing arm for the Group. By the end of FY2023, the Issuer's total assets amounted to €13 million, largely comprising the loan to G3 Hospitality of €12.1 million and a receivable from G3 Hospitality of just under €1.0 million representing accrued interest. Total assets are expected to remain in the region of €13 million during FY2024.

Liabilities during FY2023 include the amortised Bond Issue amounting to €12.3 million and accrued interest on the bond of €0.5 million. Meanwhile, equity during the year under review consisted of €0.3 million in share capital and retained earnings for the year. Total equity and liabilities are also expected to remain relatively unchanged during FY2024.

Cash Flow Statement

Cash Flows Statement for the year ended 31 December	*2022 (A)*	*2023 (A)*	*2023 (F)*
Cash flows (used in) / from operating activities	(98)	35	-
Cash flows used in investing activities	(12,124)	-	-
Cash flows from financing activities	12,225	-	-
	2	35	-
Opening cash & cash equivalents	-	2	37
Closing cash & cash equivalents	**2**	37	37

Source: Historic Financial Information and Management Information

The Issuer solely acts as the financing arm for the G3 Group and all operational payments for G3 Finance plc are done through G3 Hospitality Ltd, no major cash movements were recorded in FY2023 and similarly no major cash movements are being projected for the current financial year.

9 RATIO ANALYSIS

Profitability Ratios

The below is a set of ratios prepared to assist in measuring the G3 Group's earnings potential from its operations.

	2021 (A)	2022 (A)	2023 (A)	2024 (F)
Net Profit Margin *(Net Profit / Revenue)*	12.7%	15.0%	12.1%	7.1%
EBITDA Margin *(EBITDA / Revenue)*	35.0%	32.9%	28.5%	24.2%
Return on Assets *(Profit before Tax / Average Assets)*	2.5%	4.2%	3.4%	2.1%
Return on Equity *(Profit for the Period / Average Equity)*	5.1%	8.6%	7.1%	4.5%
Return on Capital Employed *(Profit for the Period / Average Capital Employed)*	3.6%	5.5%	4.3%	2.7%

Source: Calculations based on Historical Financial Information and Management Projections

Although business activity has continued to recover from the COVID years and G3 is entering new ventures, the Group's growing cost base adversely impacted profitability in FY2023 and is expected to have a further impact on the performance of the Group in FY2024. Consequently, all profitability ratios listed in the above table have trended lower in FY2023 and are projected to decline further in FY2024.

Liquidity Ratios

The below is a set of ratios prepared to assist in measuring the G3 Group's ability to meet its short-term obligations.

	2021 (A)	2022 (A)	2023 (A)	2024 (F)
Current Ratio *(Current Assets / Current Liabilities)*	0.37x	1.24x	0.69x	0.33x
Cash Ratio *(Cash & Equivalents / Current Liabilities)*	0.04x	0.93x	0.32x	0.02x

Source: Calculations based on Historic and Management Financial Information

The Group's liquidity tightened in FY2023 as the available cash balances were used to partly fund the investments mentioned in this report whilst liabilities increased (namely reflecting higher trade payables and lease liabilities) as new ventures are added to the Group's offerings. Similarly, in FY2024 the Group is expected to continue investing in its business with such investments being funded through existing cash balances together with the cash generated throughout the year and further bank funding. As a result, the liquidity ratios are expected to weaken further in FY2024.

Solvency Ratios

The below is a set of ratios prepared to assist in measuring the Group's ability to meet its debt obligations.

	2021 (A)	2022 (A)	2023 (A)	2024 (F)
Net Debt / EBITDA	2.85x	3.05x	3.47x	4.68x
Gearing Ratio *(Total Borrowings / Equity + Borrowings)*	29.2%	42.2%	39.3%	42.1%
Gearing Ratio (2) *(Net Borrowings / Equity + Net Borrowings)*	0.28x	0.35x	0.36x	0.41x
Interest Cover Ratio *(EBITDA / Net Finance Cost)*	7.33x	6.00x	4.76x	3.99x

Source: Calculations based on Historic and Management Financial Information

In FY2023, the G3 Group's solvency ratios weakened given the aforementioned use of own cash resources but still remained at an acceptable level of leverage. Similarly, the Group is anticipating an increased leverage position as it taps into bank financing to support its investment plans. Therefore, the Group's solvency ratios are expected to weaken further albeit still remaining at acceptable levels.

PART C LISTED SECURITIES

The Issuer or its related parties, including the Guarantor, do not have any other securities which have been subject to an application for admissibility to listing on the Official List of the Malta Stock Exchange.

PART D COMPARATIVES

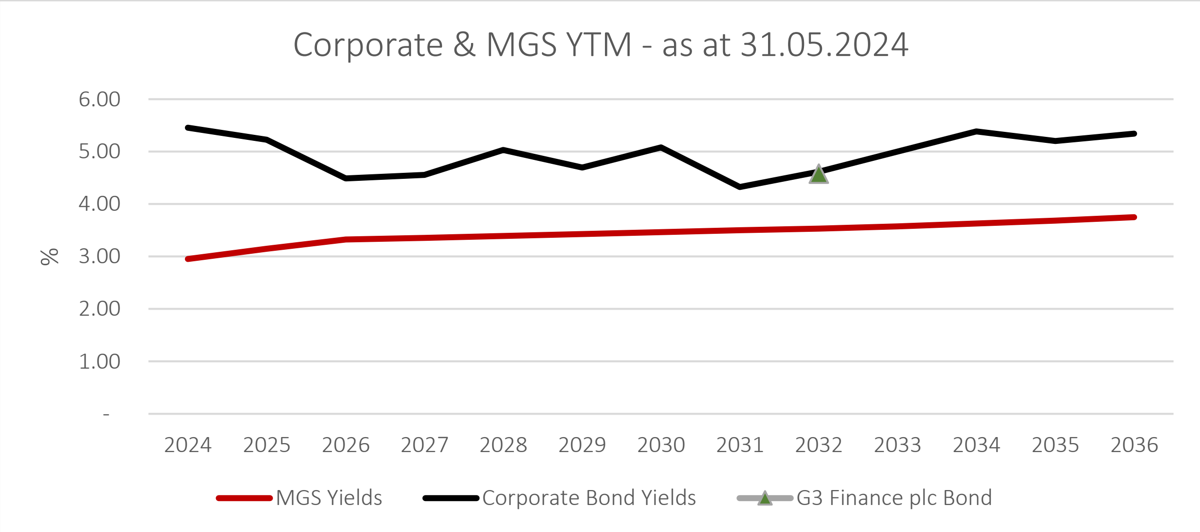
The table below compares the Issuer and its bond issue to other listed debt on the local market having broadly similar maturities. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations may vary significantly from those of the Issuer and are therefore not directly comparable.

Bond Details	Outstanding Amount *(€)*	Gearing Ratio* *(%)*	Net Debt to EBITDA *(times)*	Interest Cover *(times)*	YTM *(%)*
3.50% GO p.l.c. 25.06.2031	60,000,000	54.7%	1.4x	10.6x	4.16%
3.65% International Hotel Investments p.l.c. 2031	80,000,000	42.5%	9.6x	1.8x	4.44%
4.55% St. Anthony Co. p.l.c. 2032 (Secured)	15,500,000	63.6%	13.9x	1.2x	4.31%
4.50% G3 Finance plc 2032 (Secured)	**12,500,000**	**35.9%**	**3.5x**	**4.8x**	**4.58%**
4.00% Central Business Centres p.l.c. 2027/2033	21,000,000	55.1%	21.0x	1.1x	4.39%

Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 31 May 2024. Ratio workings and financial information quoted have been based on the respective issuers' unadjusted published financial data (or their guarantors, where and as applicable)

Gearing – (Net Debt/ Net Debt + Total Equity)

The chart below compares the G3 Finance plc bond to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 31 May 2024.



At a coupon of 4.5%, the Company's bonds yield 4.58% per annum to maturity, which is approximately 4 basis points below the equivalent average yield to maturity of corporate bonds maturing in 2032 and approximately 105 basis points above the average yield to maturity of Malta Government Stocks (MGS) maturing in 2032.

PART E GLOSSARY

Income Statement Explanatory Definitions

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Normalisation	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
EBIT	Earnings before interest and tax.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

Cash Flow Statement Explanatory Definitions

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

Statement of Financial Position Explanatory Definitions

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year.
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.

Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

PROFITABILITY RATIOS

EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on Capital Employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) measures the rate of return on the assets of the company. This is computed by dividing profit after tax by total assets.

LIQUIDITY RATIOS

Current Ratio	The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

SOLVENCY RATIOS

Interest Coverage Ratio	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets and is calculated by dividing a company's net debt by net debt plus shareholders' equity.

Net Debt to EBITDA	This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.

OTHER DEFINITIONS

Yield to Maturity	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.